

**THE ANTECEDENTS OF EMPLOYEES' INNOVATIVE BEHAVIOR IN
MANUFACTURING INDUSTRY**

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**Thesis submitted to the College of Business, Universiti Utara Malaysia, in part
fulfillment of the requirement for the Degree of Master of Business Administration**

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ABSTRACT

The purpose of this research is to study empirically the relationship between leadership, organization culture, knowledge management, job satisfaction and employees' innovative behavior. Employees' innovative behavior is considered a vital link for manufacturing organization to compete in the global competition. The variables in this research used the 7 point scales: innovative behavior (14 questions), job satisfaction (6 questions), leadership (6 questions), organization culture (6 questions), and knowledge management (5 questions).

The research employed the quantitative methodology to examine the relationship between independent variables, dependent variable and mediating factors. The questionnaires were based on feedback of employees from Asian Composite Manufacturing (ACM) and INTEL. A total of 211 employees were selected randomly as samples of the study.

The hypotheses in this research are tested using structural equations modeling (SEM). The research indicates *direct effects* that leadership has a significant positive direct effect on job satisfaction, while organization culture has a positive and insignificant direct effect on job satisfaction, and knowledge management has a negative and insignificant direct effect on job satisfaction. Besides that, results also indicate that leadership has a negative significant direct effect on employees' innovative behavior. Organization culture has a negative significant direct effect on employees' innovative behavior. Knowledge

management has a positive significant on employees' innovative behavior and job satisfaction are positive and significant on employees' innovative behavior.

The study also found several *significant indirect paths* effects or mediating paths. Firstly, leadership has a positive and significant effect on employees' innovative behavior through the job satisfaction. Secondly, organization culture has a positive and insignificant effect on employees' innovative behavior through job satisfaction. However, there is one negative and insignificant relationship between knowledge management and employees' innovative behavior through job satisfaction.

Keywords: leadership, organizational culture, knowledge management, job satisfaction, employees' innovative behavior.

ABSTRAK

Tujuan kajian ini ialah mengkaji pertalian diantara kepimpinan budaya organisasi , pengetahuan pengurusan, kepuasan dan inovatif gelagat pekerja. Gelagat inovatif pekerja dipertimbangkan pertalian organisasi pembuatan persaigan di dalam global. Setiap pembolehubah dalam penyelidikan ini menggunakan ciri-ciri 7 skala : kepimpinan (6 soalan), kebudayaan organisasi (6 soalan), pengetahuan organisasi (5 soalan), kepuasan kerja (6 soalan) dan gelagat pekerja inovatif (14 soalan).

Penyelidikan ini menggunakan kaedah kuantitatif untuk mengkaji di antara pembolehubah bebas, pembolehubah bersandar dan faktor pemangkin soal selidik berdasarkan pembuatan pekerja dari *Asian Composite Manufacturing (ACM)* dan INTEL sebanyak 211 orang pekerja telah dipilih secara rawak sebagai sampel untuk kajian ini.

Hipotesis atau andaian ini telah diuji menggunakan “*Structural Equation Model*” (*SEM*). Hasil kajian menunjukkan kepimpinan mempunyai hubungan langsung positif dan keutamaan ke atas kepuasan bekerja. Sementara itu, budaya organisasi mempunyai hubungan langsung yang positif dan bukan keutamaan ke atas kepuasan kerja dan pengurusan pengetahuan mempunyai hubungan yang negatif dan bukan keutamaan ke atas kepuasan kerja. Selain itu, hasil kajian menunjukan kepimpinan mempunyai hubungan langsung negatif ke atas gelagat inovasi pekerja. Budaya organisasi mempunyai langsung yang negatif dan bukan keutamaan ke atas gelagat inovasi pekerja. Pengurusan pengetahuan pula mempunyai hubungan yang positif dan keutamaan ke atas

gelagat inovasi pekerja dan kepuasan pekerja mempunyai hubungan yang positif dan keutamaan ke atas gelagat inovasi pekerja.

Hasil kajian ini juga mendapati beberapa keutamaan kepada kesan perhubungan tidak langsung atau perhubungan perantaraan. Yang pertama, kepimpinan mempunyai keutamaan secara positif dan keutamaan ke atas gelagat inovatif pekerja melalui kepuasan bekerja. Yang kedua, budaya organisasi mempunyai hubungan yang positif dan bukan keutamaan ke atas gelagat inovasi pekerja melalui kepuasan kerja. Walaubagaimanapun, terdapat satu hubungan negatif dan bukan keutamaan terhadap hubungan diantara pengurusan pengetahuan dan gelagat inovasi pekerja melalui kepuasan kerja.

Katakunci: Kepimpinan, Budaya Organisasi, Pengurusan Pengetahuan, Kepuasan Kerja dan Gelagat Inovasi Pekerja.

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Firstly of all, I would like to say “Thank you Allah for giving me the strength and ability to which I needed to finish my research entitled “The antecedents’ of employees’ innovative behavior in manufacturing industry”.

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CHAPTER 1

INTRODUCTION

1.1 Overview

Chapter One covers introduction, background of the study, problems statement, research questions, research objectives, justification of the study, significance of the study, new contributions, organizations of the study and summary of chapter one.

1.2 Introduction

In the competitive business environment today, organizations must become more innovative in order to compete in the global competition (Baker and Sinkula, 2002; Balkin, Markaman and Mejia 2000; Darroch and McNaughton, 2002; Lyon and Ferrier, 2002). Brown and Eisenhard (1995) indicate that global competition forces the companies to find ways to improve organization performance. Organizations increasingly aspire to become more innovative to compete with their competitors.

According to the Monthly Manufacturing Statistics Malaysia (2009), the manufacturing sector has been a major driver of the economy since the country's independence. Today, the Industrial Production Index (IPI) in February (2009) shows, a decrease of 14.7% as compared to the 19.8% in February (2008), showing a year on year decline in January

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